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Public Policy and the Sustainability of Third Sector Social Enterprises

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ABSTRACT

This article examines how public policy is shaping and bolstering small social enterprise sustainability in the UK regions. As government interests in social enterprise activities and contribution to public services delivery grows, the need to provide regional qualitative data that informs policy makers of the challenges and sustainability needs of these organisations is paramount. Semi-structured interviews were conducted with 26 Chief Executive Officers (CEOs) and managers in three UK regions to ascertain how policy framework poses challenges and/or boosts small third-sector social enterprise sustainability. The research findings suggest strategies to improve sustainability will include changes in public policy to help these organisations to develop and sustain appropriate effective services. The research contributes to empirical research investigating the insinuation of regional funding variations on small social enterprise development and sustainability.

KEYWORDS

Public Policy, Public Services Contract, Social Enterprises, Sustainability

INTRODUCTION

The development of social enterprise follows several decades of recognition by governments of the role of the third sector social enterprise (Borzaga and Defourny, 2001; Dees, 1998). 2004) however, argues that Canadian social enterprises can be traced back at least 12,000 years as communities strive to cope with the effects of hunger, disease and war. Communities needed to be as self-sufficient as possible in food supply and provisions. The issues which social enterprises seek to address are often environmental, health, education and social problems, which are also frequently the very issues which the state wants to be addressed. From a social and economic perspective, the value added of social enterprises stems from their engagement with the production of goods and services, the social integration and return-to-work activities. They are contributing to social cohesion, to the accumulation of social capital, and to sustainable development at the local, national and international levels (Borzaga, Galera and Nogales, 2008; Aiken, 2007). Furthermore, empower citizens economically, socially and culturally as an on-going process, requiring human and financial resources and an enabling public policy environment that calls for policy innovation. Through these activities, social enterprises are contributing to a framework for sustainable wellbeing (Borzaga and Tortia, 2007; Galera, 2008; Powell, 2007; Laville, Lévesque and Mendell, 2005) of disadvantaged members of our community.

Several authors suggest that social enterprises are part of a “welfare mix” in which both the state and citizens collaborate and co-design of new forms of social service provision (Ascoli and Ranci, 2002; Evers and Laville, 2004; Pestoff and Brandsen, 2006). Since the 1960s to 1970s American and European third sector organisations have been developing social enterprises to support disadvantaged

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populations. Social enterprise transcends traditional third sectors and applies as equally to health, environment, education and social welfare as it does to economic development or job creation activities.

In the United States, the emergence of social enterprise as a sector, however, began during the 1970s. The high oil prices of 1973 led to a prolonged economic downturn in the US, which consequently led to cuts in government funding for non-profit organisations by the Reagan administration. The magnitude of the cuts in social welfare spending was to the order of \$38 billion over the period from the 1970s-1980s. Government cuts and increasing competition for funds due to the growing number of social needs prompted non-profit organisations to shift toward commercial income generation. According to various scholars such as Crimmins & Keil (1983) and Eikenberry and Kluver (2004), the sector saw commercial revenue as a means of replacing government funding. This thus paved the way for the emergence of social enterprise as a widely accepted tool toward addressing social problems due to a necessity resulting out of the withdrawn role of the state.

The development of social enterprise in Europe was driven by private initiative, citizens, young professionals, and trade unions, families of disabled persons, using innovative practices in addressing social and environmental needs. Recognising that most social enterprises, at least at their inception, are small or medium-sized enterprises (“SMEs”), the European Commission spur the creation of social enterprises as part of its efforts to develop the SME sector as a whole. The Commission recommends that the European Union member-states implement policies that incentivize citizens to create SMEs in hopes of closing the productivity gap between the European Union. The Commission suggests that the creation of SMEs leads to increased economic diversity, which in turn promotes greater economic growth potential. The Commission suggests that member states provide business support to social enterprises and create policies that allow for the easy creation of businesses. The United Kingdom have followed these recommendations and enacted legislation intended to encourage the growth of social enterprise within these countries.

As a result of social enterprise development in the UK, in contrast with the US emerged not from a withdrawal of the state role, but rather, an active effort by the state to push social enterprise as an approach toward solving its massive economic and social problems. However, there clearly exists an imbalance in power relations between the state and third sector social enterprises – the state often holds the purse strings. Therefore, for third sector social enterprise organisations to develop, the state has to be willing to support and accommodate their development and sustainability.

The concept of sustainability first came to public debate in We Jackson’s work in the 1920s and Lester Brown’s *Building a Sustainable Society* (1980) and the *World Conservation Strategy* (Allen, 1980). The “publication of the ‘Report of the World Commission on Environment and Development: Our Common Future’ (WCED, 1987), famously known as Brundtland Report, marked a historic moment in popularizing the concept of sustainability and underlined the urgent need to integrate sustainability into businesses.” (p. 4)

Theoretical perspectives on the process of sustainability in social enterprise and non-profit enterprises range from a simple conceptualisation in which sustainability is referred to as ensuring the existence of the organisation while maintaining its services, to a deeper notion that sustainability is ‘a way of life’ (Okorley, & Nkrumah, 2012). In recent years organizational sustainability has been debated as an important issue for organizational strategic management, human resource management, risk management, value creation, and long-term business planning (Gauthier et al., 2016, Lyakhov et al., 2016; Di San Martino, 2017; Gurtu et al., 2017; García et al., 2018, Wojtkowiak, 2018).

There are similarities between the interpretation of sustainability and the *raison d’être* of social enterprises, such as applying business acumen for the achievement of primarily social objectives. Several authors in the field (Sharir et al. 2009; Okorley, & Nkrumah, 2012; Jenner, 2016) suggest that organisational resourcing, collaborative networks, legitimacy and organisational capabilities are key drivers of social enterprise surviving and achieving sustainability. Organizational resourcing refers to monetary, human capital, skills and competencies that an organisation needs to efficiently and successfully run the organisation. The development of essential skills needed in partnership

building, human development and resource allocation, all of which lead to organisational sustainability. Collaborative networks are where organisations collaborate to share resources, such as data and service delivery. This could improve organisational capability, innovation strategic thinking, and flexibility to respond to changing, emerging or more complex client needs. Legitimacy represents an organisation's actions that are desirable, proper, or appropriate within a constructed system of norms, values, beliefs that it operates (Dart, 2004). Upholding of organisational legitimacy from political and social standpoints is viewed as rudimentary as well as the foundation upon which sustainability is achieved. Organisational capabilities are an organisation's ability to manage resources, such as employees, process, and technology to effectively gain an advantage over competitors. Developing and cultivating organisational capabilities can help small their sector social enterprises to survive in a highly competitive environment by focusing on the areas where they can excel. These factors are important, but the literature also suggests there is also the impact of public policy (Maher, 2018a, 2019). Thus, the present research focuses on examining how public policy framework impacts on small third sector social enterprises' survival and sustainability in UK regions.

Public Policy Framework

Several UK public policies since the 1990s, has led to increased government regulation of the third sector and has influenced the development of the third sector social enterprise organisations in different regions of the UK (Cameron, & Hudson, 2002; Alcock, 2010; Cunningham, 2010; Buckingham Pinch, & Sunley, 2010). One of the consequences of discussions about regional variations raises the question of the sustainability of these organisations. The government policy framework recognises the third sector organisations for its ability to engage with grassroots communities and to develop needs-led services that are not provided by public sector services (Halfpenny & Reid, 2002; Buckingham, 2009; Alcock & Kendall, 2011; Cooper, Purcell, & Jackson, 2014). The realisation by the state that third sector organisations are increasingly providing community needs led health, education and welfare services; resulted in the UK governments developing policy framework based on commissioning services from third sector social enterprise organisations (Alcock & Kendall, 2011; Dickinson et al., 2012). Most third sector social enterprise organisations have a mixture of income from the state and funding from, sponsorships, trusts funding or organisations' internally generated income (for example, part renting of their premises to other organisations, membership subscriptions (Aiken, 2006; Teasdale, 2010).

The Conservative Government from 1979 to 1997 made explicit recommendations that the sector organisations should take a greater role in delivering public services which led to a significant increase in government funding to the sector for many years (Funding Commission, 2010; The Kings Fund, 2011; Maher, 2015a). The Government encouraged the sector organisations to bid for public services contracts to deliver health and welfare services (Lewis, 1999; Baines et al., 2011; Maher 2019; Watson & Roberts, 2019). This resulted in the reduction of grant funding to organisations in the sector and to the introduction of the use of formal contracts to govern funding flows to the sector organisations and has led to increased government regulation of the sector organisations through strict, measurable and binding performance targets set for contracts awarded (Plummer, 2009; Smerdon & Deakin, 2010; Mold & Berridge, 2010). Whilst the use of formal contracts to govern funding to the sector aims to promote accountability and reduce risk, it also focuses service delivery outcomes for service users with little or no consideration for developing organisational long-term infrastructure and staff development strategies (Baines et al., 2011; Lee & Wilkins, 2011; Maher, 2018b).

The Labour Government from 1997 to 2010 encouraged partnerships to form between the sector and government in order to frame policy and deliver services (Bennett, 2008; Harris 2010; Mold, 2012). In 1998 Labour government policies such as Compact (Cabinet Office, 2010; Alcock, 2010; Dickinson et al., 2012) influenced by the Deakin report (1996), suggested that the state and the sector would develop a closer relationship guided by 'Compact'. The Compact document sets out a framework agreement that outlines a shared vision, values and commitment by both the government

and third sector organisations to work in partnership; and to build a positive relationship between the government and the sector in the development and delivery of public services by a commissioning process (Home Office, 1998; Zimmeck, 1989; Baines et al., 2011; Maher, 2018b). The partnership culture between the government and the sector was designed to replace the ‘contract culture’. Under the new contacting process, the sector organisations had to accept competitive tendering processes and deal with the pressure of balancing the needs of service recipients, demands of the funders (Mold & Berridge, 2010; Mold, 2012). The partnership culture between the government and the sector was designed to replace the ‘contract culture’:

‘New Labour’s insistence on modernisation was intended to promote more bottom up change via partnerships than the simple top down deregulation associated with contacting-out under the Conservatives...’ (Lewis, 2005 p.122).

As a result of an increasing number of third sector organisations engaged in commissioning and contracting with the government for the first time. This led directly to new and increased state funding; the sector organisations had to accept greater scrutiny of their activities along with the demands of funders to deliver services which they regarded as ‘value for money’. Organisations receiving funding from the government to deliver services must demonstrate outcome measures based on the cost-effectiveness of their service provision and have a clear strategy for maximising income from other sources in order to reduce the need for state funding in the long-term (Munoz, 2009; Baines et al., 2011; Mills, 2012). Hence, the sector organisations that seek to sustain themselves in the longer term must be responsive to the government demands and priorities, over which they have little control (Chew and Osborne, 2009; Smerdon and Deakin, 2010; Maher, 2017a).

The government introduced further commissioning initiatives in 1999, the Social Exclusion Unit was established within the Cabinet Office to improve access to finance through the Commissioning Development Finance Institutions (CDFI) with an agenda to increase community investment in geographical deprived regions. In 2000, the Government established a Social Investment Task Force to explore how the third sector, the private sector and the state could work together (SIFF, 2010). The Social Investment Task Force set up the Phoenix Fund in 2000, to provide start-up funding for social enterprises in disadvantaged regions. In 2002 the Department for Trade and Industry (DTI) produced the Social Enterprise Manifesto in 2002 entitled “Social Enterprise: A strategy for success”. This cross-departmental policy set out a three-year strategy to promote social enterprise activities and served as a policy framework for the UK (DTI, 2002). The DTI (2002, p.7) described social enterprises as:

...businesses with primarily social objectives whose surpluses are principally reinvested for that purpose, in the business or in the community, rather than being driven by the need to maximise profit for the shareholders or owners.

This policy document reflected the changing government strategy of the UK Labour government suggesting the development of a ‘business model’ of social enterprise that will enable these organisations to become involved in commercial activities, either directly or through ‘trading arms’ (for example, internet or community cafes) to support their social and environmental aims (Smallbone & Lyon, 2005; Aiken, 2006; Teasdale, 2010; Maher, 2017b). The government believes that by these organisations adopting a social enterprise ‘business model’, this allows social enterprise organisations to be more sustainable and financially independent.

Between 1997 and 2010 the Labour Government’s expansion of the third sector social enterprise policy agenda opened new development funding streams for the third sector social enterprise organisations to build capacity and to develop new services that enable them to sustain a social enterprise business model. In 2002, the government funded the Adventure Capital Fund (ACF) to help develop the capacity and activities of the social enterprise. Other funding streams that the sector organisations benefited from include: Future Builders (2004 -2006) Capacity Builders Funds (2006-2011) and Adventure Capital Fund (2008 - 2011). The Social Enterprise Investment Fund

(SEIF) provided to support social enterprise organisations working with disadvantaged groups and communities brought structural improvements and business support that enabled social enterprises to expand (Department of Health, 2010).

The UK Conservative-led coalition government (2010 – 2015), has shown some commitment to the sector by continuing the Social Enterprise Investment Fund, the Social Impact Bond and the Big Society Programme. The coalition government published: *Building a stronger civil society: a strategy for voluntary and community groups, charities and social enterprises*. This strategy sets out the government's plans for social enterprises to be involved in the delivery of health services, social care, criminal justice and supporting unemployed people into work. These plans are set clearly within the context of the government's programme to reduce the national debt. In this strategy, the role of social enterprise is seen as a possible way to deliver public services more cheaply. Also, the Coalition Government's policy to move towards achieving economies of scale by commissioning fewer and larger contracts have had a significant effect on small third sector enterprises (Alcock and Kendall, 2011; The King's Fund, 2011; Slocock, 2012). It makes it harder for these small enterprises to compete against larger third sector organisations and private sector organisations for contracts due to their limited organisational infrastructure and inability to invest in new projects (Baines et al., 2009; The King's Fund, 2011, Maher, 2018). In 2018 the Conservative Government pledged to work alongside and to support social enterprises to be able to employ strong digital skills to deliver social good. Under the Government 2018 to 2023 strategy: Access Foundation is committing £40 million to help third sector organisations and social enterprises to develop enterprise models which help increase their earned income and thereby build resilience and sustainability. Whilst many small third sector social enterprises rely on a combination of public services contract and trading income, ultimately, if an organisation is not financially sustainable, it cannot deliver its social and environmental impact.

Methodology

The research was undertaken on a sample of 26 UK social enterprise managers and CEO's (Chief Executive Officers) in three UK regions (The East Midlands, The South East (including London) and Yorkshire and Humber). The qualitative data was obtained via semi-structured interviews, an approach that draws out participants' experiences, views and perceptions in relation to factors that helps or hinders small third sector social enterprises achieving sustainability. Each Interview lasted an average of 62 minutes. The participants tended to give personal experiences of how public policy has influenced the activities of the organisation. When they did not give examples, the author asked them to think of a recent action or events to justify their statements. The author made every effort to test the reliability of evidence from participant's interview responses by seeking corroborative information from other sources such as documented organisational evidence (such as funding contract specifications and annual report and accounts). Using multiple sources of evidence (as was employed in this research) enables the author to place more confidence in the chain of events in the research findings and increases the validity of the findings as the strengths of one source of evidence compensate for the limitations of the other evidence source (Miles & Huberman, 1994; Yin, 2009, Silverman, 2013).

In an effort to minimise inaccuracies in the interview data, the interviews were digitally recorded (with the participant's permission) and transcribed verbatim without any attempt to correct grammar but omitted 'ums' and 'errs'. The uses of acronyms by participants were written in full of [...] to demonstrate when the researcher has done so. Participants were given the opportunity to indicate any additional information that they considered relevant to the research.

Non-verbal communication that could not be captured on the digital recordings such as, body language and gestures were recorded in field notes. According to Patton (1990); Miles & Huberman (1994), field notes are an on-going, crucial part of collecting research data. In this research, they took the form of self-reminders about specific events during the interviews (such as participants nodding or laughing) and notes about personal reflections as well as reactions arising from and captured

during the interviews. They constituted a written record of the development of the interviews and ideas which the researcher felt to be useful in subsequent interviews. The fieldnotes data include a brief description of the physical setting where each interview took place, nonverbal cues such as postures, facial expressions, gestures, feelings and any type of behaviour or actions that might have affected the interview. The author also noted any areas that needed clarifications later during the interview or cross-checking with other participants (Maher, 2009; Sachdeva, 2009; Silverman, 2013). The field notes were also a useful way of reflecting on each interview and on the present meaning and significance of the discussions.

Ethical considerations in business enterprise management research are paramount in order to avoid any risk to the physical, psychological, health and social well-being of the participants (Broom, 2006; Bobbie, 2007; Saunders, Lewis & Thornhill (2011). A signed informed consent form was obtained from each participant stating their willingness to participate in the research. Each participant was informed that they had the option to withdraw at any time from the research (Bobbie, 2007; Flick, 2007; Saunders et al., 2011).

To maintain anonymity participants are identified by an alphabet letter. This was to ensure that readers could not identify the views of specific individuals. Also, ensuring that participants did not restrict their disclosure was an important consideration for the research and involved the assurance of confidentiality (Bryman, 2008; Blake, 2010; Silverman 2013).

Computer-assisted qualitative data analysis software (CAQDAS) package NVivo was employed to facilitate the data coding and clustering of themes (Bryman & Bell, 2015). This helped to improve the rigour of the data analysis process by validating the researcher's own impressions of the data. It provided a disciplined structure to search and analyse data. The information verification process employed during the data collection can be regarded as contributing to the methodological rigour of the research.

Findings

The research found regional variations of how public policies influence organisational sustainability. Overall, the picture appears to be considerable volatility on a region by region basis with some organisations reporting benefiting from changes in funding processes and others reporting facing short-term funding regime difficulties. Two study participants reported:

"In the past we have had three years contracts. Nowadays it is common to have contracts for six or nine months ... the commissioning landscape is fairly unstable" (Participant A: East Midlands Region).

"We have only had yearly funding. There is talk at Local Authority, Health, Well-being and PHE [Public Health England] level of moving our contracts to a three yearly funding contract ... when that happens it will help us to plan future developments. At present things are very difficult... we are in negotiations with commissioners, but we told to prepare for cuts (Participant J: Yorkshire and Humber Region).

The evidence suggests that the short-term nature of the government funding available to small third sector social enterprise organisations makes it difficult for these organisations to make decisions in advance about services development and to put a contingency plan in operation to help them survive in the difficult months and years ahead. Unnecessary re-tendering of contracts on a yearly cycle is expensive in terms of resources and can lead to major disruption of frontline services for services users. In cases where services provided are running well with good outcomes, commissioners should consider longer-term contracts in line with contract arrangements they have with public sector organisations. It is vital that the sectors' contracts arrangements are improved in line with the theory outlined in the Treasury's Guidance to Funders' document of 2006. This will allow services to be commissioned on a longer-term cycle.

Several participants were vocal about how public policy on the tendering process is directly affecting the small third sector social enterprises. For instance, participant G reported:

The big recent development has been around the competitive tendering commissioning. There is more and more competitive tendering with a short time turn around. This disadvantages us, as we don't have the infrastructure to develop a credible bid in a very short time frame. For an organisation of our size, the only realistic way of doing that is by going in as a subcontractor with a larger organisation. Small providers like us are pretty much forced into partnerships to enable us to successfully win contracts (Participant G: Yorkshire and Humber Region).

This was echoed by participant K:

The re-commissioning went out to competitive tender. The commissioners asked for tender to come from consortia and we went in as part of a consortium. If we are successful, it will be all change; we will be funded by the lead organisation. This is a challenge for small organisations that don't have an infrastructure in place for competitive tendering (Participant K: Yorkshire and Humber Region).

The tendering process has enabled large organisations to turn around bids in a very short time scale. This disadvantages smaller organisations that are often good at delivering services but do not have the infrastructure to develop a tender document in a very short time frame. This was found to be challenging for small social enterprises and has created considerable financial uncertainty which is limiting their ability to develop services (The Kings Fund, 2011, Maher, 2019). As a result of the growing competition, small social enterprises are regularly forced out from the main contractor to sub-contractor.

Most of the study participants reported that they have to work with other organisations to create efficiencies and reduce their contract management costs, often replacing a number of individual services contracts with a single arrangement that could include sub-contracting arrangements with other providers. The increasing competitive environment, in which small social enterprises find themselves, has made it more difficult, complex and restrictive processes that favour larger organisations. Some participants acknowledged the need to make the economies of scale but warned that one of the consequences could be a reduction in service providers' diversity. Small organisations were felt to be particularly disadvantaged in the process.

Several participants expressed significant concerns about the impact of the austerity programme under the Coalition government. Austerity programme has threatened the income base of these organisations as they rely significantly on public contracts. There is no doubt that the continuous reduction in public funding may limit the sustainability of these organisations.

However, there were some contrary reports of successful development and expansion of services due to changes in public policy and funding allocation processes in UK regions. For instance, one of the study participants based in London and the South East reported:

It's not all doom and gloom ... we are diversifying our income streams and working with other providers like ourselves ... so things are alright (Participant S: London and South East Region).

Another participant based in the South East region reported:

It's been a very good year ... a very successful and positive year for us. We received some capacity building support and that helped us to prepare for the last commissioning round. Our bid was successful, and we have recently expanded our services (Participant T: South East Region).

The above evidence suggests that some organisations in London and South East region have benefited from changes in public policy. Participant T added that his organisation after a successful competitive tendering process was awarded a new government contract which led to changes to the

organisation's services specification. As a result, the organisation expanded its services to several localities in the South East region working collaboratively with other organisations in each locality. These comments suggest that the public policy changes to public services contracts tendering processes have led to positive outcomes for some organisations with the capabilities to pursue a competitive tendering process.

This suggests that having a strong commercial awareness; understand the economic realities of operating a competitive market can contribute to the sustainability of small third sector social enterprise organisations. The finding supports Sharir et al. 2009; Okorley & Nkrumah, 2012; Jenner, 2016 research that found that organisational resourcing, legitimacy, collaborative networks and organisational capabilities are key drivers of social enterprise surviving and achieving sustainability.

Most importantly, the research supports and extends previous research into the sustainability of small third sector social enterprise by identifying another factor public policy as a factor influencing the sustainability of these organisations.

In addition, government austerity measures, competitive tendering policies and regional funding policies affecting some regions more than others.

CONCLUSION

Social enterprises have a long history of providing local and regional services due to their close engagement with grassroots communities (Harris, 2010, Maher, 2018). However, the increasingly competitive environment in which small social enterprises are working brought about by changes in public policy, particularly competitive tendering process have brought about success for some small social enterprises who gained new funding that enabled their organisations to expand and develop new services.

However, there is clear evidence that changes in public policy have had some negative effect on services development, delivery and organisational sustainability. Some organisations have become especially vulnerable due to the restrictive regulation of the commissioning process. For some organisations, their ability and capability to gain contracts from this process have an important influence on their success and sustainability.

The research particularly reveals that regional variations in the UK's third sector funding regime are a factor which is challenging for some social enterprises in the East Midlands, Yorkshire and Humber regions; while organisations in the South East region (including London) reported some growth and successes in developing new services. This finding is consistent with previous third sector social enterprise research (Amin et al., 2002; Hudson, 2009; Buckingham et al., 2012; Maher, 2016) that indicates variations in third sector regional services and funding and their impact on social enterprises in UK regions.

The research contributes to the empirical research investigating regional variations of third sector social enterprises sustainability. It advocates for changes in government regional funding policies that will help small third sector social enterprise organisations to gain longer-term funding to develop appropriate and effective community needs services. There are significant implications for the improvement of policy, practice and future sustainability of regional small third sector social enterprises.

THE IMPLICATIONS FOR POLICY AND PRACTICE

The research findings have raised important issues for policy and practice. There is evidence that the sustainability of small third sector social enterprises depends in part on how much public services contracts are devolved regionally from Central Government for them to apply. These organisation's ability and capability to gain contracts from competitive tendering; particularly, when many of these organisations face competition from larger third sector organisation and private sector organisations.

Policy makers should examine how these changes and partnership and collaborative arrangements are affecting small third sector social enterprises and the changing relations and dynamics between small third sector social enterprises who were contractors in their own right that are becoming sub-contractors of larger organisations and private sector organisations. How these organisations collaborate and work together in practice is of central importance.

Emerging through the evidence is a clear view that central to the sustainability of small third sector social enterprises is the need for support such as mentoring; training building shared collaborative networks and capacity building to prepare these organisations to be ready to compete for public services contracts. Building capabilities is a positional process of business management to improve these organisations' position in a competitive environment.

Policymakers should take into consideration the difficulties small third sector social enterprise organisations are experiences when tendering for contracts. There is a need to support and strengthen the capacity of small social enterprises by helping them to develop the necessary contract procurement skills that will enable them to gain access to public services contracts. Policymakers should also consider ways to enhance these organisations' infrastructure to support their growth. For instance, by promoting level pegging partnering and consortium arrangements among organisations to help them to exchange ideas, promote good practice and bid for contracts together rather than competing against each other. Considerable work needs to be done to reinstate a more supportive relationship of the sector with the state and not negate the contributions small third sector social enterprises make to regional communities, such as, creating a more socially cohesive society and advocating for the vulnerable and marginalised members of society.

FUTURE RESEARCH

The findings presented in this paper provide a basis for future research; these findings could be replicated in broader samples in other regions and or across borders. This requires larger sample size which may allow the researcher to identify further results (Field, 2009). Expanding the research to small private social enterprises might help to understand how public policy and contextual factors in other cohorts provide challenges or lead to the success of organisational sustainability. For these organisations whether public policy or having a commercially focused mission as influential in their quest for sustainability.

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